

Message Text

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ORIGIN PM-05

INFO OCT-01 EUR-12 NEA-10 ISO-00 SIG-03 NSC-05 SP-02
SS-15 L-03 CIAE-00 INR-10 NSAE-00 AID-05 MCE-00
ACDA-12 EB-08 OMB-01 TRSE-00 /092 R

DRAFTED BY PM/SAS:SGE S:RF
APPROVED BY PM - LHGELB
EUR/NE - MR. WOODS

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P 222258Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY STOCKHOLM PRIORITY
INFO AMEMBASSY PARIS PRIORITY
AMEMBASSY LONDON
AMEMBASSY ISLAMABAD
AMEMBASSY NEW DELHI
DOD//DSAA//

C O N F I D E N T I A L STATE 074389

E.O. 11652:GDS

TAGS: MASS, SW, PK, IN

SUBJECT: MARCH 21 GELB-WACHTMEISTER MEETING ON VIGGEN
SALE TO INDIA

1. ON TUESDAY MARCH 21, SWEDISH AMBASSADOR WACHTMEISTER
CALLED ON PM DIRECTOR GELB AT LATTER'S INVITATION TO
FURTHER DISCUSS THE PROPOSED VIGGEN SALE TO INDIA. ALSO
PRESENT WERE POL COUNSELOR BERQUIST AND LT. COL. ERICSON,
AN AIR FORCE ATTACHE. PURPOSE OF THE MEETING WAS TO
REITERATE TO SWEDES THAT THE PROPOSED SALE CAUSED PROBLEMS
FOR USG POLICY ON TWO GROUNDS: OUR SELF IMPOSED
PROHIBITION ON SALES OF ADVANCED STRIKE AIRCRAFT TO THE
SUBCONTINENT; AND THE PD-13 PROHIBITION ON COPRODUCTION
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OF SIGNIFICANT WEAPONS, EQUIPMENT, AND COMPONENTS IN NON-
EXEMPT COUNTRIES. GELB GAVE SWEDES HIS FRANK OPINION THAT
FOR THOSE TWO POLICY REASONS, APPROVAL OF THE SALE SEEMED
UNLIKELY.

2. GELB BEGAN MEETING BY SAYING THAT HE ASKED TO SEE
WACHTMEISTER BECAUSE OF THE STRONG MUTUAL INTEREST IN THIS

MATTER AND TO ESTABLISH A FURTHER UNDERSTANDING ON THE PROPOSED SALE. GELB THEN REFERRED TO HIS CONVERSATIONS WITH AMBASSADOR KENNEDY-MINOTT WHO HE SAID HAD STRESSED THE IMPORTANCE OF THE SALE TO SWEDEN AND THAT THE SWEDISH

ARGUMENTS BE GIVEN FULL CONSIDERATION. GELB WENT ON TO SAY THAT WE UNDERSTOOD THE ROLE OF SWEDEN AIR INDUSTRY AND THAT THE CASE IN QUESTION CONCERNED THE MAINTENANCE OF A VIABLE AIR INDUSTRY.

3. GELB THEN TURNED TO SOME PREPARED QUESTIONS FOR FURTHER INFORMATION ON THE SALE AND TOLD WACHTMEISTER THAT HE COULD EITHER RESPOND IMMEDIATELY TO EACH QUESTION OR REFER THEM TO STOCKHOLM FOR DETAILED REPLIES. GELB EXPLAINED THAT THE INFORMATION WE SOUGHT WAS FOR OUR OWN INTERNAL USE IN THE DECISION-MAKING PROCESS AND WOULD NOT BE RELEASED TO ANY OTHER PARTY. WACHTMEISTER SAID HE WOULD PROVIDE WHAT INFORMATION HE COULD AND REPORT THEM AS WELL TO STOCKHOLM. QUESTIONS WERE:

A) WHEN WILL VIGGEN PRODUCTION FOR THE SWEDISH AIR FORCE BE PHASED OUT? LT. COL. ERICSON REPLIED THAT THE INTERCEPTOR VERSION OF THE PLANE WOULD CONTINUE IN PRODUCTION UNTIL 1985.

B) WHEN WOULD DELIVERIES FOR INDIA BEGIN AND HOW WOULD
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THEY BE SCHEDULED? WACHTMEISTER REPLIED THAT THIS WAS PART OF THE NEGOTIATIONS BETWEEN SAAB-SCANIA AND INDIA.

C) WHEN WOULD COPRODUCTION BEGIN IN INDIA? THOUGH WACHTMEISTER CONFIRMED THAT THE SWEDISH PROPOSAL CALLED FOR FULL LICENSED PRODUCTION OF THE COMPLETE AIRCRAFT IN INDIA, HE HAD NO INFORMATION ON THE SPECIFIC DATES. GELB CONFIRMED THAT THE USE OF THE TERM COPRODUCTION IN PD-13 INCLUDED LICENSED PRODUCTION.

D) SHOULD INDIA DECIDE ON A BRITISH OR FRENCH AIRCRAFT, WILL SWEDEN SEEK OTHER CUSTOMERS? WACHTMEISTER REPLIED THAT THERE WERE ONLY VERY SLIM POSSIBILITIES IN AUSTRIA AND AUSTRALIA AND THOSE OPPORTUNITIES DID NOT REPRESENT SUCH A LARGE SALE AS INDIA. GELB SAID WE WERE NOT ASKING THE QUESTIONS TO PRESENT DIFFICULTIES BUT AS AN AID TO MAKE A SENSIBLE DECISION.

4. GELB THEN REPEATED THAT THE SALE RAISED PROBLEMS FOR THE ADMINISTRATION BECAUSE IT CONFLICTED WITH OUR POLICY ON MILITARY SALES TO THE SUBCONTINENT AND PD-13 CONSTRAINTS ON COPRODUCTION; THEREFORE A FAVORABLE RESPONSE SEEMS

UNLIKELY. THE SITUATION PLACES A HEAVY BURDEN ON US AND WE WILL LOOK AT IT VERY CAREFULLY. AT ANY CASE BECAUSE OF THE COMPLEXITY OF THE ISSUE AND THE REQUIREMENT FOR A PRESIDENTIAL REVIEW OF THE REQUEST A DECISION BY MARCH 25 WAS NOT POSSIBLE. FYI. AT THIS POINT WACHTMEISTER SEEMED

STUNNED AS THOUGH HE REALIZED FOR THE FIRST TIME HOW SLIM THE CHANCES FOR APPROVAL WERE. END FYI.

5. GELB SAID THE ISSUE WAS EVEN MORE COMPLEX BECAUSE THE USG HAD DISCUSSIONS WITH OTHER ARMS SUPPLIERS ABOUT THE SALE OF DEEP PENETRATION STRIKE AIRCRAFT (DPSA) TO THE SUBCONTINENT SOME NINE OR TEN MONTHS BEFORE SWEDEN CAME TO US WITH THIS REQUEST. OUR DECISION ON DENIAL OF THE A-7
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WAS TAKEN VERY HARD BY PAKISTAN AND BY THE US PRODUCER, BUT WE DID NOT WANT TO UPSET THE MILITARY BALANCE IN THE AREA. WE MADE THE A-7 DECISION WITH THE FULL UNDERSTANDING OF HOW BOTH INDIA AND PAKISTAN WOULD CONSIDER IT. GELB ALSO STATED THAT WE WERE GOING TO HAVE FURTHER CONSULTATIONS WITH OTHER POTENTIAL SUPPLIERS OF A DPSA FOR THE REGION WITHIN THE NEXT FEW DAYS. WACHTMEISTER REPEATED HIS COMMENT OF LAST WEEK THAT SWEDEN DOES NOT SEE THE TWO COUNTRIES AS PARALLEL GIVEN INDIA'S CURRENT POLITICAL STATE. GELB SAID THIS IS DIFFICULT BECAUSE INDIA WANTS TO TURN TO THE WEST AND WE ARE ENCOURAGING THAT, BUT A DPSA PURCHASE BY INDIA WILL MAKE IT INEVITABLE THAT PAKISTAN WILL HAVE CLEAR JUSTIFICATION TO PURCHASE A DPSA. WACHTMEISTER STATED THAT INDIA WOULD BUY A DPSA REGARDLESS OF THE USG RESPONSE TO SWEDEN. GELB REPLIED THAT IT WAS ENTIRELY POSSIBLE BUT THAT THE US MUST SUSTAIN A POLICY THAT IS BEST FOR OUR INTEREST AND DO OUR BEST TO INFLUENCE THE OTHER SUPPLIERS.

6. GELB AGAIN MADE THE POINT THAT THE STANDARD WE APPLY TO RETRANSFERS OF US EQUIPMENT IS WHETHER THE US WOULD MAKE SUCH A TRANSFER, AND THE USG WOULD NOT SELL A DPSA TO INDIA. ON TOP OF THAT CONSIDERATION WE HAVE THE PROBLEM OF LICENSED PRODUCTION IN INDIA. THIS, HE SAID, DOES NOT ADD UP TO A FAVORABLE PICTURE, BUT HE FELT IT WAS IMPORTANT THAT WE MAKE OUR POLICY CLEAR. HE REPEATED THERE WAS NO FINAL DECISION, AND WE WOULD FACTOR IN THE ANSWERS TO THE QUESTIONS ASKED EARLIER.

7. WACHTMEISTER RESPONDED THAT HIS GOVERNMENT WOULD BE VERY DISAPPOINTED ESPECIALLY IN VIEW OF THE IMPORTANCE OF THE SALE TO SWEDISH INDUSTRY AND THE STRICT LIMITS THE GOS PLACES ON SWEDISH ARMS EXPORTS WHICH WILL NOT
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REALLY ALLOW MANY SALES OPPORTUNITIES. HE THEN STATED THAT THE FOREIGN MINISTER SODER WOULD PROBABLY CONTACT SECRETARY VANCE TO FURTHER STRESS THE IMPORTANCE OF THIS SALE. HE THANKED GELB FOR HIS CANDID STATEMENT AND ASKED IF THERE WAS ANYTHING MORE HE COULD DO SUCH AS SEEING NATIONAL SECURITY ADVISOR BRZEZINSKI. GELB RESPONDED THAT HE WAS FREE TO MAKE HIS CASE WHEREVER HE BELIEVED

IT WOULD HELP. GELB ALSO SAID THAT THE SWEDISH REQUEST WAS NOT UNREASONABLE BUT NEITHER WAS HIS (GELB;S) SUPPORT OF THE ARMS TRANSFER POLICY. GELB CONCLUDED THAT IT MIGHT BE HELPFUL IF WACHTMEISTER SAW SOMEONE ON THE NSC STAFF AND MENTIONED DAVID AARON (DEPUTY ASSISTANT) AND JESSICA TUCHMAN; HE ALSO SUGGESTED THAT WACHTMEISTER MIGHT CALL ON ASSISTANT SECRETARY MCGIFFERT (DOD/ISA).

8. FYI AMBASSADOR KENNEDY-MINOTT, PM DEPUTY DIRECTOR ERICSON, AND EUR/NE DIRECTOR FUNSETH COVERED MOST OF THE SAME GROUND DURING SEPARATE MEETINGS WITH PETER WALLENBERG WHO IS THUS FULLY AWARE OF STATE OF CASE. END FYI.

9. WACHTMEISTER HAS REQUESTED ANOTHER APPOINTMENT WITH GELB FOR 14:30 HRS EST, MARCH 22, TO PRESENT A WRITTEN COMMUNICATION FROM FOREIGN MINISTER SODER TO SECRETARY VANCE. REPORT FOLLOWS SEPTTEL. VANCE

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Message Attributes

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